

ORIGINAL POLICY DOCUMENTS

The documents in this section state Laboratory and Department of Energy policy from which many of the statements in the Introduction were derived.

Los Alamos

Los Alamos National Laboratory
Los Alamos, New Mexico 87545

memorandum

TO: Master Management

DATE: October 15, 1987

FROM: S. S. Hecker, DIR

MAIL STOP/TELEPHONE: A100/7-5101

ST—: ADDRA

SUBJECT: REIMBURSABLE POLICY

In a recent 'Inside Story' column in the Newsbulletin, I discussed the need for aggressive program development to bring new funding to the Laboratory in areas that will strengthen us for the future. For us to be successful at identifying and attracting acceptable programs requires some general guidance regarding the criteria we want to apply in evaluating proposals.

Attached is the Laboratory policy for non-DOE funded work (reimbursables) that states our goals, criteria, and implementation responsibilities for them activities. It is the responsibility of all management personnel who review reimbursable proposals to do so with respect to these criteria, in addition to the normal technical review.

This policy is meant to assist Laboratory management in the program development process by clarifying our view of the type of work appropriate for Los Alamo. without providing more bureaucratic procedure or stifling the individual entrepreneurship and creativity necessary for us to develop new and innovative programs.

SSH:sb

Laboratory Policy - Non-DOE Funded Work

The Laboratory will undertake **non-DOE** funded **activities** that are consistent with the **Laboratory** mission, **are not in** direct competition with **private industry**, and whose use **of** **existing** Laboratory capabilities **is on** a non-interference basis with our DOE-funded programs.

A. GOALS

The main goals for reimbursable work are to:

- (1) **Help Solve Problems Of national** importance with activities that complement our DoE-funded work.
- (2) **Maintain and strengthen** the technology **base** of the **Laboratory** in those areas deemed **essential** to our mission:
- (3) Enhance the technical **stature** of the Laboratory by **undertaking activities of** high technical challenge,
- (4) **Make** **available** our **special technical capabilities** that are not found in **adequate strength in** private industry, universities, or other government organizations,
- (5) **Provide** a mechanism **for retention** of key personnel With Critical skills during funding shortfalls and for recruitment **of new individuals with important skills not available at the laboratory.**
- (6) Enhance the opportunity **for technology transfer from the laboratory to the private sector.**

B. CRITERIA

To determine **whether reimbursable** programs address the **above** goals, the Laboratory **management at each level will review all** proposals for non-DOE funded work against the following set **of** three (3) criteria:

1. Importance

- **Work** should contribute to **U.S. national security** or otherwise be important to the nation.
- The **Laboratory**, DOE or other government agencies **should consider** work to be of high priority.
- Work should have significant **scientific/technical** value.
- **Successfully completed** effort should enhance the **Laboratory's** reputation.

2. Los Alamos Capabilities

- Work should be relevant to the capability to carry out our mission.
- Work should maintain or enhance our technology base.
- The necessary technical and support resources should be available to carry out these activities.
- The program should provide a desirable technical legacy to the laboratory.
- The work should involve special contributions by the Laboratory compared to other qualified efforts in industry or universities,
- Efforts that involve interactivity within the Laboratory thereby utilizing the assets of our multidisciplinary organization are strongly encouraged.
- The impact of the work on our infrastructure must be acceptable.

3. Program Scope

- The program should be configured in a manner that provides a high level of Los Alamos control of the execution of the activities.
- The program should involve activities that are politically acceptable and appropriate for our participation.
- The program should have potential for a significant level of stable funding.
- The program goals, schedules, and budgets should be realistic,
- The program (and its sponsor) should have sufficient advocacy for the work so that funding can be projected for a reasonable time scale sufficient to achieve the program goals.
- The program must be consistent with established standards for humane treatment of human or animal subjects.
- Work that involves good opportunities for technology transfer to the private sector is highly desirable.

The specific criteria under the three areas above are provided for guidance and are not meant to be all inclusive.

C. IMPLEMENTATION

It is the oversight responsibility of the Associate Directors to ensure that all programs satisfy the above three criteria to an extent that they deem it appropriate to undertake the reimbursable work. It is not necessary that all aspects of these three criteria be met for acceptance of the work.

Both line and program management are expected to evaluate reimbursable proposals against the stated criteria during the review process. It is our intent that, with these criteria, individual proposals will usually be accepted/rejected at the Division Leader/Program Director level with final oversight review by the appropriate ADS. Acceptance or rejection will be documented with a clear, concise written statement indicating the most important factors in the decision. It will be the responsibility of the appropriate Program Director or Division Leader to ensure that this statement is provided on each proposal and to attempt to reach a consensus on proposal approval/rejection if disagreement arises. If no consensus can be reached, the proposal will be reviewed by the appropriate Associate Director. The spokesperson for the proposal, with the appropriate line/program management in attendance, will make the presentation to the AD

It is the policy of laboratory management that no Los Alamos organization seek out reimbursable work solely to protect existing manpower levels. It is also the policy of the Laboratory that it will not engage in activities that are outside our mission, attempt to circumvent legal statutes such as the Competition in Contracting Act (CICA), or directly compete with private industry.

The costs for reimbursable programs shall be computed in accordance with the Laboratory's pricing policy, which incorporates the DOE policy of full cost recovery. The Laboratory's financial regulations for non-DOE programs are available from the Comptroller.

Los Alamos

Los Alamos National Laboratory
Los Alamos, New Mexico 87545

memorandum

TO: Master Management

FROM: A. L. Jennings *A*

SYMBOL: **CONT-88-857**

SUBJECT: PASS-THROUGH FUNDING

DATE: June 10, 1988

MAIL STOP/TELEPHONE: **A119/7-3848**

Please be reminded that **it is a violation** of the competition in Contracting Act (**CICA**), as well as DOE and Laboratory policies, for **non-DOE** sponsors to procure goods and services from the Laboratory in an attempt to evade the **procurement requirements** applicable to the sponsor.

Furthermore, but with very limited exceptions, it is a violation of the **Economy Act for another Federal agency to issue an interagency order to** DOE solely for the purpose of **obtaining** goods and **services** from a third party by means of reimbursable funding through the Laboratory. However, subcontracts which **are** incidental to **work** we are performing for the sponsor are allowed by the Act.

If you are uncertain about, or have questions addressing the above information, please contact the Controllers Office or the Financial Operations Division.

ALJ:gt59

DOE DEFINITION

PASS-THROUGH PROCUREMENTS

What is a pass-through procurement?

- a. An arrangement in which national laboratories and/or operating and on-site service contractors subcontract to perform energy R&D work in which the laboratories and contractors are limited to procurement, contract administration, and nominal technical management of the effort.
- b. "pass through" is defined as the procurement, contract administration, and nominal technical management by the laboratories of energy R&D which is not a necessary part of any in-house activity and is performed outside the laboratory.
- c. It is an award of a subcontract on a noncompetitive basis through our national laboratories and/or operating contracts.
- d. Pass-through procurements may be either competitive or noncompetitive.

It is partially the result of HQ program personnel desiring to accomplish a specific effort using an operating contractor, thereby circumventing the normal procurement process and the time constraints associated thereto.

The abuses of pass-through procurement are not simply an ALO problem, but exist at other operation offices also. Such procurement is a fast, simple method of letting a contract. However, it does avoid the normal processes on actions which should be subject to the normal procurement processes.

Pass-through procurements have received a great deal of attention lately from several HQ offices. Also, the thrust of the General Accounting (GAO), Inspector General (IG), and other reports appears to be that DOE personnel are making noncompetitive procurements/justifications without adhering to the DOE standards for these justifications. There are several aspects which have caused concern and which must be corrected.

- a. Pass-through procurements place the laboratories/GOCOs in the role of a procurement office for DOE personnel.
- b. Laboratories/GOCOs are left with legal responsibility for the subcontract but have little practical authority with which to protect their interests.

Los Alamos

Los Alamos National Laboratory
Los Alamos, New Mexico 87545

memorandum

TO: Master Management
FROM: A. L. Jennings *A*
SYMBOL: CONT-88-861
SUBJECT: RELEASE OF FINANCIAL INFORMATION

DATE: June 14, 1988

MAIL STOP/TELEPHONE: A119/7-3848

We receive many requests from non-DOE sponsors for increasingly more detailed financial information about their programs. The following is to provide you with guidance when financial information is requested.

Official "billed" and "paid" financial information about non-DOE sponsors of Laboratory projects can only be transmitted by the . This is because for non-Federal sponsors of reimbursable work, DOE/AL adds a cost for depreciation and added factors to the Laboratory's costs incurred. Therefore, "total" costs reported by Laboratory personnel will probably not in fact be all-inclusive. This means that all information provided by the Laboratory directly to sponsors must be considered unofficial. Due to retroactive transactions, when reporting costs to a sponsor, the year-t date cost figure should be used rather than monthly costs.

No financial information should be provided for public dissemination without coordination with the controller. Even within these restrictions there are certain elements which are not to be provided to individuals or organizations outside the Laboratory at any time. These elements include:

1. Cost details below the levels reported on the BUCS Operating Plan (e.g., Materials, Travel, Shop, Computer, E&I, Lab Services, Burden, SM Salary, Other salary, Misc. Salary, Major Procurements, and Other). These summary levels should be used without further detail (e.g., total travel as compared to Foreign Travel).
2. A specific individual's effort or salary.
3. Names of individuals actually working on projects.
4. Copies of any Operating Plan (OPLAN).

The Financial Operations Division in conjunction with ADP is currently developing a report on WCS which meets the above criteria, suitable for transmission to the sponsor. This report will be available about August 1.

Requests for exceptions to these policies require approval in advance by the Controller. If you have questions concerning the release of financial information, please contact the Controller's Office or the Financial Operations Division..

`` UNOFFICIAL COST DATA - OFFICIAL COST DATA MAY BE OBTAINED FROM DOE ***

OPERATING "COST REPORT FOR FY 1991, OCT- NOV

PROJECT: FEDERAL LABORATORY CONSORTIUM
FUNDING AGENCY: NBS

| | FTE | (YEAR TO DATE AVERAGE) |
|------------------|-----|------------------------|
| Staff Member FTE | | 0.10 |
| Other FTE | | 0.00 |
| TOTAL FTE | | 0.10 |

COSTS (IN THOUSANDS OF DOLLARS)

SALARY AND FRINGE

| | |
|-------------------------|-----|
| Staff Member | 1.7 |
| Other | 0.0 |
| TOTAL SALARY AND FRINGE | 1.7 |

| | |
|--------|-----|
| BURDEN | 1.6 |
|--------|-----|

| | |
|---------------------------------|-------|
| Travel | 1.6 |
| Central Computer costs | 0.0 |
| Electronics and Instrumentation | 0.0 |
| Major Procurements | 111.5 |
| Other Materials and Services | 6.9 |

| | |
|-------------|--------|
| TOTAL COSTS | 3-23.2 |
|-------------|--------|

`` UNOFFICIAL COST DATA - OFFICIAL COST DATA MAY BE OBTAINED FROM DOE ***

LABORATORY REFERENCES:
R58H

Los Alamos

Los Alamos National Laboratory
Los Alamos, New Mexico 87545

memorandum

TO: Master Management

FROM: A. L. Jennings *ALJ*

SYMBOL: CONT-91-063

SUBJECT: WORK FOR OTHER REQUIREMENTS

DATE: November 20, 1990

MAIL STOP/TELEPHONE: A119/7-3848

In accordance with the DOE/AL memorandum dated October 11, 1990, an Environmental, Safety and Health (ES&H) questionnaire has been developed for inclusion in all reimbursable work proposals. Effective November 20, 1990, proposals submitted for Integrated Contractors, Funds-in-Agreement, Work for Others, and Other Federal Agencies must include the completed ES&H questionnaire. DOE/AL will not process proposals for reimbursable work unless the ES&H requirement is satisfied. We ask your cooperation and apologize for any inconvenience this may cause. The ES&H form is attached for your immediate use.

A Master Management memorandum dated May 18, 1990, described a new DOE departmental overhead rate to be implemented effective October 1, 1991. The memorandum stated that the DOE departmental overhead rate of 3.2% of total cost should be calculated as LANL cost divided by 0.968 (Example 1). However, DOE/AL now requires the DOE departmental rate of 3.2% be calculated as LANL cost times 1.032 (Example 2). Please note the change in the calculation and implement accordingly. Please keep in mind if you have FY 1991 funds that will carryover into FY 1992, please apply the 3.2% against the carryover amount to insure full cost recovery.

| | \$K EXAMPLE 1 (\$5.000/.968 = \$5,165) | \$K EXAMPLE 2 (\$5,000x1.032 = \$5,160) |
|---------------------------|--|---|
| Total Costs (FYPROP) | <u>\$5,000</u> | <u>\$5,000</u> |
| DOE Departmental Overhead | \$ 165 | \$ 160 |
| Continuity Funding | <u>\$ 0</u> | <u>\$ 0</u> |
| Total-Requested | <u>\$5,165</u> | <u>\$5,160</u> |

ALJ:gt114

Enc. a/s

Los Alamos

Los Alamos National Laboratory
Los Alamos, New Mexico 87545

memorandum

TO: Distribution

DATE: June 18, 1990

FROM: John Whetten

MAIL STOP/TELEPHONE: A1077-3880

w—a: ADET:90-258

—CT: REIMBURSABLE PROPOSAL SUBMITTALS FROM ET DIRECTORATE

DOE/AL continues to very carefully review our proposals for reimbursable work. They are particularly sensitive about our compliance with the Competition in Contracting Act.

To expedite the approval process through AL, we must convince them of our "uniqueness." With this in mind, ALL proposals for reimbursable work must be accompanied with a statement of WHY the Laboratory is uniquely qualified to perform this work. This cannot just be the statement that we are not competing with industry—we must state, in however many words it takes, EXACTLY why it is appropriate for the work to be done at Los Alamos National Laboratory.

From the date of this memo, NO proposals will be approved by this office unless the submittal letter contains the information above. If we do this well, I believe that we can expect more rapid review and processing of our proposals. Thank you for your cooperation.

Distribution:

R. K. Linford, CTR-DO, MS F640
C. W. Myers, EES-DO, MS D446
T. J. Hiron, N-DO, MS E561
D. D. Cobb, SST-DO, MS 0455
R. E. Barks, IAO, MS M899
M. E. Berger, ERA, MS F643
W. D. Evans, AC, MS F650
C. F. Keller, IGPP, MS K305
W. L. Kirchner, NPR/SPO, MS K575
R. K. Quinn, ERDC, MS K763
K. Tiefert, EES-DO, MS D446
L. Blair, ERDC, MS K763
S. Reisfeld, IAO, MS M899

N. Medina, N-DO, MS E561
R. Davis, SST-DO, MS D455
G. Garcia, NPR/SPO, MS K575

Los Alamos

Los Alamos National Laboratory
Los Alamos, New Mexico 87545

memorandum

TO: 0 Distribution

DATE: June 7, 1990

mm: W F. Whetten

MAIL STOP/TELEPHONE: A107/7-3880

SYMBOL: ADET:90-239

SUBJECT: PROPOSAL APPROVALS

The Laboratory continues to have problems in processing non-DOE Proposals. Therefore, effective immediately all non-DOE proposals in ADET require my approval before leaving the laboratory. All non-DOE proposals processed by the following program and division offices should include routing through ADET for approval.

ERDC
EES
N
SST

AC
NP
NASA
ERA including NASA, Fossil, &
Renewable Energy

IAO
MFE
CTR

ADET:

R. K. Linford, CTR-DO, MS F640
C. W. Myers, EES-DO, MS D446
T. J. Hirons, N-DO, MS E561
O. O- Cobb, SST-DO, MS D455
R. E. Barks, IAO, MS M899
M. E. Berger, ERA, MS F643
W. D. Evans, AC, MS F650
C. F. Keller, IGPP, MS K305
W. L. Kirchner, NPR/SPO, MS K575
R. K. Quinn, ERDC, MS K763

info cy:

T. R. Gibbs, CONT, MS A119
M. Patterson, FIN-DO, MS P239
FIN-IO, MS 8244
J. C. Browne, ADDRA, MS AI 10
N. Simpson, ADDRA, MS AI 10
CRM-4, MS A150